

Glossary of Useful Budget Terms

Allocation: A distribution of funds or an expenditure limit established for an organizational unit or function.

Bond Funds: Funds used to account for the receipt and disbursement of general obligation bond proceeds. These funds do not account for the debt retirement since the liability created by the sale of bonds is not a liability of bond funds. Depending on the provisions of the bond act, either General Fund or a sinking fund pays the principal of, and interest on, the general obligations bonds. The proceeds and debt of bonds related to a public service enterprise are included in the Public Enterprise Fund classification.

Budget Act (BA): An annual statute authorizing State departments to expend appropriated funds for the purposes stated in the Governor's Budget and amended by the Legislature.

Budget Bill: Legislation presenting the Governor's proposal for spending authorization for the next fiscal year. This bill is prepared by the Department of Finance and submitted to each house of the Legislature in January (accompanying the Governor's Budget). The bills' authors are typically the budget committee chairpersons.

BCP: Budget change proposal—usually meaning a *support* proposal that is submitted to Department of Finance to propose and document budget changes.

Budget Cycle: The period of time, usually one year, required to prepare a State financial plan, and enact that portion of it applying to the budget year. Significant events in the cycle include preparation of the Governor's proposed budget (mostly done between July 1 and January 10), submission of the Governor's Budget and Budget Bill to the Legislature (currently done by January 10), review and revision of the Governor's Budget by the Legislature, return of the revised budget to the Governor for approval (which the California Constitution requires be done by June 15) and the signing of the budget by the Governor (normally by June 30).

Budget Letter: A statewide communication from the Department of Finance containing budget development or implementation instructions.

Budget Revision (BR): A document, usually approved by the Department of Finance that authorizes a change in an appropriation. Typically, BRs either increase the appropriation or make changes to the categories or programs within the appropriation as scheduled in the Budget Act.

Budget Year (BY): The next State fiscal year, beginning July 1 and ending June 30.

Capital Outlay: Expenditure of funds to acquire land, plan and construct new buildings, expand or modify existing buildings, and/or purchase equipment related to such construction. Capital-outlay projects are distinguished from facility modifications in that they increase a facility's gross area, such as a building addition; substantially renovate a

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major portion of a facility; comprise a new facility or an acquisition; or change the use of a facility, such as the conversion from non-court use to court use.

Capital Outlay Budget Change Proposal (COBCP): A written request for funding required for each project proposed in the Governor's Budget (both new projects and continuing phases of previously funded projects).

Category: A grouping of related types of expenditures, such as Personal Services, Operating Expenses and Equipment, Reimbursements, Special Items of Expense, Unclassified, Local Costs, Capital Costs, and Internal Cost Recovery.

County Facility Payment (CFP): SB 1732 requires each county to pay to the State the amount that county historically expended for operation, repair and maintenance of court facilities in that county. (*GC Sections 70351-70370*)

Court Facilities Architecture Revolving Fund (ARF): Established by SB 1732. Moneys transferred to or deposited in the fund are used for the construction, alteration, repair, improvement and maintenance of trial and appellate court buildings. (*GC Section 70379*)

Court Facilities Trust Fund (CFTF): Established by SB 1732. This fund was created to provide a source of funding for the ongoing operations, repair and maintenance of court facilities by requiring each county to pay to the state the amount that county historically expended for operation and maintenance of court facilities. (*GC Section 70352*)

Current Year (CY): A term used in budgeting and accounting to designate the operations of the present fiscal year in contrast to past or future periods.

Department of Finance (DOF): Financial control agency for the state. The department that is delegated the responsibility for preparation of the Governor's Budget. The Director of Finance functions as the Governor's chief fiscal adviser. Major activities of the department include:

- Establish appropriate fiscal policies to carry out the Administration's programs.
- Prepare, enact and administer the State's Annual Financial Plan.
- Analyze legislation that has a fiscal impact.
- Monitor/audit expenditures by State departments to ensure compliance with approved standards and policies.
- Develop economic forecasts and revenue estimates.
- Develop population and enrollment estimates and projections.
- Review expenditures on data processing activities of department.

Department of General Services (DGS): The state department responsible for real property management, project planning, project management, construction management, construction and leasing services, real property acquisition and sales.

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Encumbrance: The commitment of part or all of an appropriation by a governmental unit for goods and services not yet received. These commitments are expressed by such documents as purchase orders, contracts, and future salaries, and cease to be encumbrances when they are paid or otherwise canceled.

Executive Order (EO): An order signed by the Director of Finance and, if necessary, the Governor, for authorizing various increases or decreases in appropriations (e.g., deficiencies or augmentations). Executive Orders may be necessary to transfer money from one fund to another pursuant to any other statutory provisions for such transfers.

Expenditure Authority: The authorization to make an expenditure (usually by a budget act appropriation, provisional language or other legislation).

Facility Modification: Generally a planned, physical modification to a facility component or components that restores or improves the designed level of function of a facility or facility components. Facility modifications are assigned one of the following six priority categories:

- Priority 1: Immediately or Potentially Critical
- Priority 2: Necessary, but not yet critical
- Priority 3: Recommended
- Priority 4: Does not meet current codes or standards
- Priority 5: Beyond rated life, but serviceable
- Priority 6: Hazardous materials, managed but not abated

Finance Letter: An amendment to the Governor's Budget proposed by the Administration to the Legislature in the spring immediately following introduction of that budget. Finance Letters are considered by the Legislature in budget subcommittees coincident with review of the Governor's Budget.

Fiscal Year (FY): A 12-month accounting period during which obligations are incurred, encumbrances are made, and appropriations are expended. In California State government, the fiscal year runs from July 1 through the following June 30. If reference is made to the State's FY 2005, this is the time period beginning July 1, 2005 and ending June 30, 2006.

General Fund (GF): The predominant fund for financing state government programs, used to account for revenues, which are not specifically designated to be accounted for by any other fund. The primary sources of revenue for the General Fund are the personal income tax, sales tax, and bank and corporation taxes. The major uses of the General Fund are education (K-12 and higher education), health and human service programs, youth and adult correctional programs, and tax relief.

Governor's Budget: The document wherein the Governor presents to the Legislature, by January 10 each year, recommendations and estimates for the State's financial operations for the ensuing fiscal year. This document also displays the actual revenues

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and expenditures of the State for the immediate past year, and updates estimates for the current year revenues and expenditures.

Legislative Analyst's Office (LAO): A non-partisan organization that provides advice to the Legislature on fiscal and policy matters. For example, the LAO annually publishes a detailed analysis of the Governor's Budget, and this document becomes the initial basis for legislative hearings on the Budget Bill.

May Revision: An annual update to the Governor's Budget containing a revised estimate of General Fund revenues for the current and ensuing fiscal years, any proposals to adjust expenditures to reflect updated revenue estimates, and all proposed adjustments to Proposition 98, presented by the Department of Finance to the Legislature by May 14 of each year. (See also "Finance Letter.")

One-Time Cost: A proposed or actual expenditure that is non-recurring (usually only in one annual budget) and not permanently included in baseline expenditures. Departments make baseline adjustments to remove prior year one-time costs and appropriately reduce their expenditure authority in subsequent years' budgets.

Operating Expenses and Equipment (OE&E): A category of a support appropriation which includes objects of expenditure such as general expenses, printing, communication, travel, data processing, equipment and accessories for the equipment.

Reimbursements: An amount received as a payment for the cost of services performed, or of other expenditures made for, or on behalf of, another entity (e.g., one department reimbursing another for administrative work performed on its behalf). (Reimbursements represent the recovery of expenditure.) Reimbursements are available for expenditure up to the budgeted amount (scheduled in an appropriation), and a budget revision must be prepared and approved by the Department of Finance before any reimbursements in excess of the budgeted amount can be expended.

SB 1732 (Escutia), Chapter 1082, Statutes of 2002: The Trial Court Facilities Act which established the framework for shifting responsibility for California's courthouses from the counties to the state.

Special Funds: Any fund created by statute that must be devoted to some special use in accordance with that statute. Special fund is also used to refer to "governmental cost funds" (other than the General Fund), commonly defined as those funds used to account for revenues from taxes, licenses and fees where the use of such revenues is restricted by law for particular functions or activities of government. Sometimes the term is used to refer to all other funds besides the General Fund.

Special Items of Expense: An expenditure category that covers nonrecurring large expenditures or special purpose expenditures that generally require a separate appropriation (or otherwise require separation for clarity).

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State Appropriations Limit (SAL): The constitutional limit on the growth of certain appropriations from tax proceeds, generally set to the level of the prior year's appropriation limit as adjusted for changes in cost of living and population.

State Court Facilities Construction Fund (SCFCF): Established by SB 1732. This fund was created to deposit state court construction penalty assessments, surcharges on parking offenses, and filing fee surcharges on civil action to pay for the following:

- To acquire, rehabilitate, construct or finance court facilities.
- To rehabilitate one or more existing court facilities in conjunction with the construction, acquisition, or financing of one or more new court facilities.

(GC Section 70371)

State Operations (SO): A character of expenditure representing expenditures for the support of state government, exclusive of capital investments and expenditures for local assistance activities.

Transfer of Budget Allotment (TBA): The TBA is an internal form that provides official notification of a change in the distribution of expenditure allotment authority. Such a change can include the redistribution of existing expenditure authority or the allocation of new expenditure authority received through an Executive Order or Budget Revision. Expenditure allotments may be transferred between category or object codes and/or between divisions, units, or projects.

Year of Appropriation (YOA): Refers to the initial year of an appropriation.